Weekly Investment Insights

2 November 2026

Key Market Highlights

- United States (US) equity markets erased early week gains as concerns over elevated artificial intelligence (AI) spending and uncertain returns on investment triggered a technology-led sell-off.
- US Treasury bond yields declined over the last two days of the week amid weaker risk sentiment and increased safe-haven demand, with the 10-year yield falling below 5.0% after reaching 5.05% in the direct aftermath of the Federal Reserve (Fed) meeting.
- US economic growth accelerated to an annualised rate of 3.4% in 3Q 2026, exceeding expectations of 3.2%, supported by resilient consumer spending and strong business investment.
- The STOXX Europe 600 Index of European stocks rose to a seven-week high as strong corporate earnings offset broader weakness in global technology stocks before paring gains on Friday.
- Oil prices posted mild weekly gains amid attacks on energy infrastructure and shipping in the Middle East. Oil prices have however retreated to start this week on reports that US President Trump wants to allow more time for diplomacy before deciding whether to resume strikes on Iran.

Topics of the Week:

Central Bank Review

- The Fed, European Central Bank (ECB) and Bank of Japan (BOJ) kept policy rates unchanged but left the door open to further monetary policy tightening amid persistent inflationary pressures.
- **The Fed** voted 10-2 to maintain the Fed Funds Target Rate at 3.75%-4.00%, with two members preferring an immediate 25 basis point (bps) rate hike. The Fed also upgraded its assessment of economic growth from "solid" to "strong".
  - **House View (Fed):** We expect two 25 bps rate hikes ahead, one in December 2026 and another in 1Q 2027, after which interest rates are expected to remain unchanged for the rest of 2027.
- **The ECB** maintained the Deposit Facility Rate at 2.50%. Policymakers discussed a 25 bps hike but opted to await further data, while highlighting upside inflation risks from higher energy prices.
  - **House View (ECB):** We expect a 25 bps rate hike in December 2026, after which policy rates are expected to remain unchanged.
- **The BOJ** voted 8-1 to maintain the policy rate at 1.25%, with one member preferring an immediate 25 bps hike. The BOJ also assessed underlying inflation as broadly consistent with its 2% target and raised its FY2027 inflation forecast.
  - **House View (BOJ):** We now expect a 25 bps rate hike in December 2026, a pause in 1Q 2027 before a further 25 bps hike in 2Q 2027 to bring the policy rate up to 1.75%

Mixed Takeaways for AI

- A major frontier AI company's initial public offering (IPO) filing showed substantial liquidity, diversified revenues and initial operating profitability, strengthening confidence in the long-term AI opportunity.

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- Diverging stock performances from recent US technology earnings show that investors are increasingly focused on whether elevated AI spending can generate sustainable earnings and cash flow.
- Large, established companies continue to access substantial financing for AI infrastructure, but funding conditions are becoming more selective and challenging for smaller companies.
- **Key Takeaway:** Be selective when assessing winners and losers, as elevated AI spending and negative free cash flow from some hyperscalers are concerns despite resilient underlying growth.

Credit Markets Remain Healthy, but Selectivity Matters

- The credit market remains broadly healthy though some corporate bonds have seen yields rise.
- Higher-quality companies remain financially stable, but financially weaker companies are finding it more difficult or expensive to raise debt funding or replace existing debt.
- **Key Takeaway:** Focus on high-quality borrowers.

Investment Strategy

- We remain positive on AI as a structural theme, but recent volatility reinforces the need for greater selectivity and diversification.
- Within technology, we favour companies with strong fundamentals and a clear path to monetising AI, while looking beyond infrastructure leaders to adopters that can enhance productivity, margins and earnings growth.
- Investors with heavy AI exposure should consider diversifying into sectors with differentiated earnings drivers, including financials, healthcare, defence and dividend-paying companies, to reduce concentration risk.
- Investment grade bonds with an average duration of 4-5 years may be better placed to navigate an environment of higher-for-longer interest rates and bond market volatility, offering attractive income and potential diversification benefits.
- Consider market-neutral strategies as a portfolio diversifier, helping to improve resilience by reducing sensitivity to broad market movements.

Asset Class Performance

Equities	Current	Performance (%)			
		1 Week	1 Month	3 Months	Year-To-Date
S&P 500 (USD)	7580.07	-0.57	-0.93	1.21	10.73
Dow Jones (USD)	51770.31	-0.85	1.70	-1.36	7.71
NASDAQ 100 (USD)	28384.85	-1.98	-6.65	0.39	12.42
FTSE 100 (GBP)	10729.78	0.37	1.17	-1.27	8.04
S&P/ASX 200 (AUD)	8908.135	1.28	1.35	-0.76	2.22
DAX (EUR)	25818.21	2.53	2.46	0.74	5.42
Swiss Market Index (CHF)	14810.66	2.41	7.09	3.24	11.63
HSCEI Index (HKD)	7862.22	1.37	-4.35	-8.71	-11.80
Hang Seng Index (HKD)	23294.42	0.87	-5.36	-10.01	-9.11
Nikkei 225 (JPY)	63290.11	0.95	-5.19	-1.67	25.73
Commodities & Currencies	**Current**	**1 Week**	**1 Month**	**3 Months**	**Year-To-Date**
Brent Crude (USD)	113.43	1.55	19.29	40.75	88.33
Gold (USD)	3874.62	-3.04	-6.80	-4.24	-10.30
EURUSD	1.116	-0.37	-1.50	-3.18	-4.99
GBPUSD	1.3391	0.13	0.95	-0.68	-0.62
USDJPY	157.56	0.44	0.10	0.10	0.54
Bonds	Current (%)	Basis points Change			
		1 Week	1 Month	3 Months	Year-To-Date
US 10-year Treasury yield	4.929	-0.066	-0.356	0.194	0.762
German 10-year Bund yield	3.322	-0.023	-0.264	0.116	0.467
UK 10-year Gilts yield	5.284	-0.072	-0.140	0.234	0.805
Japan 10-year bond yield	2.782	-0.024	-0.283	-0.023	0.716

1 week for the period 23-Oct-2026 to 30-Oct-2026
1 month for the period 30-Sep-2026 to 30-Oct-2026
3 months for the period 31-Jul-2026 to 30-Oct-2026
Year-to-date for the period 31-Dec-2025 to 30-Oct-2026
Source: Bloomberg (last update: Mon, 02 November 2026 9:50 AM SGT)

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